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LexisNexis  
Reed Business

February 18, 2010

The Honorable Edith Prague  
The Honorable Kevin Ryan  
Joint Committee on Labor and Public Employees  
Room 3800, Legislative Office Building  
Hartford, CT 06106

Dear Senator Prague and Representative Ryan:

On behalf of Reed Elsevier and its division LexisNexis, I want to express our opposition to HB 5061, as this bill would preclude Connecticut employers from taking into account the relevant, important information from credit reports when making employment decisions. By way of background, LexisNexis is recognized as a leading provider of authoritative legal, public records, and business information. This information helps our customers make informed and accurate decisions. LexisNexis also provides background check and credential verification information for employers. Our information products protect employers from liability and ensure that newly hired employees pose no financial risk.

Our concern with HB 5061 is that the bill would shift the burden for proving the relevance and significance of this information to the employer from the applicant, as they would have to show three factors to use this information as a background screen. When an employer is determining a likelihood of potential theft or fraud, is determining the accuracy of the information given to the employer on the job application, or is determining how careful the employee might be on the job by how they handle their own finances, these uses would be in jeopardy under the provisions of HB 5061.

Credit reports provided to employers provide valuable information to help in evaluating candidates for employment. For example, an employment report could be used to evaluate an applicant's personal responsibility and organizational skills by their ability to pay their bills on time. An applicant with a high debt ration may not be the right person to be provided with access to employer or customer assets. These individuals may be more vulnerable to fraud schemes.

Credit reports also are integral to the hiring process because employers must determine the accuracy and completeness of a job application. Credit reports are used for employment checks to show former addresses, former employment, and the financial situation from a prospective

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The Honorable Edith Prague  
The Honorable Kevin Ryan  
February 18, 2010  
Page 2

employee. By using credit reports in the hiring process, employers avoid wasting resources on recruiting, hiring, and training new employees, only to find out later that the hiring decision was based on incomplete or falsified information.

Additionally, employers use credit reports to safeguard against internal theft that can be a result of employees who cannot meet their monthly financial obligations. Employee theft is a growing problem. According to the Federal Bureau of Investigation (FBI), it is the fastest growing crime in the United States and many experts estimate it increases by 15 percent annually. The U.S. Chamber of Commerce rates the annual cost at \$40 billion and attributes more than 30 percent of business failures to employee theft. On average, businesses lose as much as two percent of sales to employee theft. Businesses must have access to all currently available information to screen potential employees.

Connecticut consumers already have strong protections on the use of credit reports for employment decisions, as these reports are governed and expressly allowed by the federal Fair Credit Reporting Act (FCRA). Under the FCRA, an employer must give the consumer notice that a credit report may be used in the hiring process and require the consumer's written consent to access their credit report. The FCRA provides important consumer protections by requiring a notice by the employer if an adverse action is taken. The notice includes the name, address and phone number of the consumer reporting agency or the credit reporting agency that supplied the report.

HB 5061 places an undue burden, and potential legal liability, on the employer to prove that the credit information used to make an employment decision is substantially related to the job qualification. We are concerned many Connecticut employers, rather than facing these risks, may elect to outsource certain employee work force in another state, or simply not hire at all. We believe it is important for Connecticut employers to be allowed the continued use of credit reports for hiring decisions, particularly given the protections to consumers already under the existing law. I thank you for your consideration of these comments, and I would be happy to follow up to answer any questions you might have on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Teresa Jennings". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail.

Teresa L. Jennings  
Senior Director & State Government Affairs Team Leader  
Reed Elsevier Inc.